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SUBJECT: THE END OF OLIGARCH POLITICS IN SAMARA

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Summary

11. (SBU) As many expected, the appointment of Vladimir Artyakov as Governor of Samara region has ushered in a new era in regional politics in which previously influential oligarchic groups that had made substantial gains over the past few years are quickly being marginalized. The moves to manage the mayoral election in Tolyatti, the new pressure on Samara mayor Viktor Tarkhov, and the slow "velvet re-privatization" of assets to Artyakov's Rosoborneksport (ROE) all indicate a general trend to consolidate the vertical of power and to marginalize local business interests -- a parallel course to that which Putin followed when he took power in 2000. End summary.

Oligarchic Politics

12. (C) The Samara region had enjoyed a reputation as a region of comparative political pluralism. In an environment similar to that which flourished at the federal level under President Boris Yeltsin, politics in Samara were synonymous with wrangling among local oligarchs and their political allies (reftel). At the same time, the residents of the region's two major cities -- Samara and Tolyatti -- proved somewhat unruly, leading to unexpected political outcomes. Perhaps the most significant was the victory of Samara city Mayor Viktor Tarkhov, who ran on the "Just Russia" ticket, over incumbent and United Russia candidate Georgiy Limanskiy in the election of 2006. At that time, key business groups including automobile marketer and parts manufacturer SOK; drilling tool maker Volgaburmash; and Volgapromgaz supported Tarkhov and exploited public dissatisfaction with Limanskiy's neglect of the city and the conduct of a particularly dirty campaign to bring an unexpected change to city hall.

13. (SBU) Indeed, Tarkhov's very success may well have marked the turning point in the fate of Samara's business groups. Tarkhov's victory, despite the application of strong-armed administrative resources by his opponent, detracted from a host of United Russia victories across Russia during a time of party consolidation of power in many regional elections. The surprise resignation of then Governor Titov in August 2007 opened the door for the appointment of Vladimir Artyakov, who at the time headed Rosoborneksport -- a state-owned firm that controls the Avtovaz factory in Tolyatti, whose director Sergey Chemezov is a Putin confidant.

Into the Weeds--
Tolyatti Mayoral Election

14. (C) The mayoral election in the Samara region's second city, Tolyatti, typifies the process consolidating the "vertical of power" to the lowest rungs of the administrative ladder. In mid-February, there were 10 candidates vying for voter support in Tolyatti, five of whom were serious contenders. A large number of voters remained "undecided," the others were split amongst contenders supported by a range of financial groups and even criminal organizations. The Center for Research of Public Opinion (TsIOM) conducted a poll in early February to sample the mood of city voters. Given that the city had been without a mayor for several months since the May arrest of then Mayor Utkin, almost 60 percent of Tolyatti's voters planned to take part -- leading to a wide range of possible outcomes and the expectation that the race would require a second round, presumably between the two leaders Sergey Andreev and Aleksandr Pushkov. According to the TsIOM survey:

-- 33.2 percent of respondents who planned to vote supported Andreev, an "independent" candidate with support from the "December" group of former Union of Right Forces (SPS) members from the regional Duma.

-- 25.3 percent favored Pushkov, the chief engineer at Avtovaz and United Russia candidate. Pushkov enjoyed the backing not only of the local United Russia machine but also the endorsement of the Communist Party. His campaign had made strong strides forward in the polls thanks to an aggressive campaign managed by the Moscow political technologies Nikol-M, according to sociologist and former Tolyatti Duma Representative Sergey Dyachov.

-- 15.1 percent backed Petr Zolotarev, a leader of the independent trade union "Unity" who had narrowly lost to Utkhin in the second round of the 2006 mayoral election.

-- 14.2 percent planed to vote for Dmitriy Savenkov, the General Director of Motor-Super, a firm connected with the regional financial-industrial group SOK.

-- In last place, General Director of Ton-Avto Aleksandr Kurylin enjoyed the support of 6 percent of those who planned to vote. He also benefited from the support of Governor Artyakov, with whose brother he had certain unspecified business ties. Kurylin took an early lead in the campaign and was seen as the "alternate" United Russia candidate. (Both Kurylin and Pushkov received support from United Russia, with the former being the candidate for the "Moscow" group around ROE and Pushkov the favorite of the regional Avtovaz elite. Notably, Pushkov did not use the United Russia bear symbol on his campaign material.)

15. (C) Only a week before the election, several of the candidates made a "voluntary" withdrawal in favor of the United Russia candidate, Avtovaz manager Aleksandr Pushkov. The first to do so was Savenkov who abandoned his campaign on February 21, shortly after the polling numbers were announced. Olga Popova of the regional bureau for Ekspert magazine viewed this decision as an indication of a "compromise" between the SOK group and the authorities. Then, Kurylin on February 27 -- the last possible day -- withdrew from the race and gave his backing to Pushkov. Borislav Grinbalt, also a member of the regional legislature and an Andreev supporter, alleged that Kurylov's withdrawal was a result of a quiet agreement with Pushkov for a prominent post in the city administration.

16. (C) On February 22, the regional court charged Andreev with violations of intellectual property rights and vote buying -- leading to his removal from the ballot on February 128. The core issue was a charge, brought by a rival candidate Mikhail Bulatov, that Andreev had used a picture of a building designed by a local architect without the architect's permission. (Bulatov was, a "walk-on" candidate from Yekaterinburg, who played the role of political "killer" according to Grinblat.) Andreev had enjoyed the support of the state employees -- teachers, doctors, administrators, and

other bureaucrats with generally higher education -- who had hopes that the independent candidate would bring an improvement to their lives, according to Dyachov. As such, his supporters were not in the "protest vote" camp and were expected to vote for Pushkov once Andreev was removed. And indeed, Pushkov won by a landslide, receiving almost 79 percent of the votes cast.

Tarkhov Under Pressure: The Big Snow Hits Samara

17. (C) Samara Mayor Tarkhov has also come under pressure from the administration/United Russia machine in recent weeks and could, according to local newspapers, be facing a fate similar to that of former Tolyatti Mayor Utkin. The precipitating event was a "100-year" snowstorm that hit the region in early February and paralyzed the city for several days. (Even today, the streets of Samara are lined by 5-6 foot-high snowdrifts and huge piles of snow dominate the city's open spaces.) The local administration had difficulty dealing with the crisis, lacking the equipment and organization to get the city's streets cleaned -- leading to a shutdown of the entire city for several days. In the aftermath, Governor Artyakov has voiced his own criticisms of the Tarkhov administration, comments that have fed popular discontent against the mayor. According to local sociologist Vladimir Zvonovskiy, the mayor's popularity plummeted after the snowfall, from an already low 55 percent approval rating in late January to only 35 percent in the most recent survey.

Perhaps more troubling, the press has reported that the regional administration has initiated an investigation on charges of "incompetence" against Tarkhov, although it is not clear how Artyakov's criticisms could be turned into a criminal case.

18. (C) Not all in Samara blamed Tarkhov. Independent Samara city Duma delegate Alla Dyemina held former Mayor Limanskiy, who she said had "privatized" the city's street cleaning department and left no equipment for the current administration to use during the crisis, responsible for the problems. She defended Tarkhov as "a capable man" and said he simply had not had enough time to deal with the problems created by Limanskiy's mismanagement. Local political observer and PR technologist Yuriy Kochkin noted that Artyakov waited several weeks before weighing in with his criticism, leading many in the region to see this as part of a "propaganda war" against Tarkhov. Former editor of the now shuttered regional affiliate of the opposition Novaya Gazeta Sergey Kurt-Adzhiev also viewed the criticism of Tarkhov as political maneuvering, noting that Tolyatti and other regional towns also faced challenges dealing with the snow but had not drawn the same scrutiny and he accused the local press of exaggerating the problem. (Perhaps as evidence of a politicized campaign, Artyakov called for Tokharev to explain the deaths of five Samara residents, who were killed by falling icicles during an unexpected thaw during the last week of February.)

The Vertical of Power

19. (C) The Head of United Russia's Samara Regional Department Aleksandr Fetisov was unabashed in his description of the consolidation of political power that has taken place in the Samara region, starting with the appointment of Artyakov last August. Fetisov spoke approvingly of the Governor, noting that Titov had been too beholden to regional interests and unable to secure for Samara region its share of federal spoils. (In an aside, Fetisov reminded us that Titov had run against Putin for President -- an indication of his disloyalty.) He said that he considered the election of Tarkhov as "unfair" and as ultimately hindering the development of the region. Fetisov implied that Tarkhov's problem was that he was too involved in politics and not enough in city management -- "Mayors should be the 'master' of the city, ensuring snow removal, trash pick-up, etc. and not political infighting." Similarly, Fetisov expected

Pushkov, as Mayor of Tolyatti, to fulfill this role with the support of a United Russia party machine. Valentin Romanov, the First Secretary of the Communist Party, echoed Fetisov's position when explaining his party's decision to back Pushkov in the Tolyatti elections. He too described the position of mayor as the "master" of the city and saw Pushkov as honest, competent and capable of bring the city back to order.

¶10. (C) Other contacts in Samara acknowledged the importance of the "vertical of power" in resolving the region's problems. For example, Olga Popova explained that Tarkhov's problems during the snow emergency were a result of his poor relationship with the governor -- when crisis came, he no ability to garner outside support. She said that Tarkhov was essentially " beholden to nobody" and had done nothing for Samara. Popova expected Tarkhov to be removed from office and that his replacement would be from United Russia, thereby opening the potential for greater financial and political support for the city. Sergey Dyachov reluctantly noted that Tarkhov was unable to get additional resources from the regional government and admitted that the mayor would have been smart to have taken his State Duma seat that he had earned as the head of the "Just Russia" ticket last December.

¶11. (C) According to Kurt-Adzhiev and other contacts, Samara's business groups are already coming to terms with the vertical of power. Several firms, including SOK and Motorstroyiteliy, have sold at least part of their business to ROE at "fire sale" prices and there are expectations that others will follow suit in the coming months. As such, ROE and the Artyakov administration are set to consolidate their hold on the economic life of the region.

Comment

¶12. (SBU) Recent events in Samara have borne out predictions that Artyakov's appointment as Governor would usher in an era of greater political control. The administration's manipulation of the Tolyatti mayor election and the pressure against Samara Mayor Tarkhov illustrate the reduction of political pluralism in a region that had enjoyed maverick status under Governor Titov. As such, the limited political competition reminiscent of the Yeltsin years are being swept up in Samara, signaling the intensification of Plan Putin: the consolidation of the vertical of power.

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